Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 SANTIA 01387 211701Z

71
ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 DRC-01 /135 W
---------- 040954
R 211610Z MAR 74
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 7865

LIMITED OFFICIAL USE SANTIAGO 1387

E.O. 11652: N/A
TAGS: EIND, ETRD, CI
SUBJ: CONSTRUCTION INDUSTRY IMPORT NEEDS

PASS EX-IM, COMMERCE

1. ON MARCH 15, PRESIDENT OF CHILEAN CONSTRUCTION CHAMBER, HUGO LEON, VISITED AMBASSADOR WITH URGENT REQUEST FOR EMBASSY ASSISTANCE IN SECURING NEW EQUIPMENT FOR CHILE'S CONSTRUCTION INDUSTRY, LACK OF WHICH IS DELAYING CHILE'S RECONSTRUCTION PROGRAM. LEON SAID CONSTRUCTION INDUSTRY UNDER GREAT PRESSURE FROM JUNTA TO COME UP WITH EQUIPMENT VALUED AT $200 MILLION TO REPLACE PRESENT EQUIPMENT, AVERAGE AGE OF WHICH IS NINE YEARS EVEN THOUGH NORMAL OPERATING LIFE IS BETWEEN FIVE AND SIX YEARS. HE SAID INDUSTRY WILL NEED AT LEAST $100 MILLION IN EQUIPMENT BEFORE END OF THIS YEAR. HE ADDED THAT SINCE VIRTUALLY ALL OF CHILE'S CONSTRUCTION EQUIPMENT IS U.S., INDUSTRY PREFER TO REPLACE WITH U.S. PRODUCTS. CONTINUING DELAYS, HOWEVER, MAY FORCE INDUSTRY TO TURN TO OTHER POTENTIAL SUPPLIERS SUCH AS ENGLAND, WEST GERMANY AND JAPAN.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SANTIA 01387 211701Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

2. LEON SPECIFICALLY REQUESTED EMBASSY SUPPORT HIS ATTEMPTS (A) TO OBTAIN EX-IM GUARANTEES FOR SUPPLIERS/ PRIVATE BANK FINANCING OF HEAVY CONSTRUCTION EQUIPMENT PURCHASES; (B) TO PERSUADE U.S. COMPANIES TO GIVE PRIORITY TO CHILEAN ORDERS IN ORDER TO REDUCE NORMAL DELIVERY TIMES; AND (C) TO GET U.S. PRIVATE BANKS TO ACCEPT CENTRAL BANK UNOFFICIAL BUT USUAL DEMAND FOR MINIMUM FIVE-YEAR CREDITS WITH 15 PERCENT DOWN PAYMENT, TWO YEAR GRACE PERIOD, AT NEW YORK PRIME RATE PLUS 1.5 PERCENT.

3. AMBASSADOR REPLIED THAT WHILE EMBASSY WOULD PASS LEON'S REQUESTS TO WASHINGTON, USG LIMITED IN WHAT IT COULD DO TO INFLUENCE PRIVATE BANK LENDING DECISIONS AND SUPPLIER DELIVERY SCHEDULING.

4. COMMENT: CHILEANS MADE EFFECTIVE CASE FOR IMPORTANCE OF RENEWING THEIR CONSTRUCTION EQUIPMENT AND DOING SO THROUGH PURCHASE OF AMERICAN PRODUCTS. SOME ACCOMMODATION TO THEIR NEEDS WOULD BE POLITICALLY MOST USEFUL FOR US INTERESTS HERE, AT A MOMENT WHEN CHILEANS ARE FRUSTRATED IN EFFORTS TO BUY ARMS FROM US AND BEMUSED BY CONTINUING CRITICAL PRESS AND CONGRESSIONAL COMMENT RE THEIR INTERNAL POLICIES. ACCORDINGLY, I WOULD APPRECIATE EARLY INDICATION FROM EX-IM BANK, DEPARTMENT OF COMMERCE, AND OTHER INTERESTED SOURCES AS TO WHAT MIGHT BE DONE TO MEET CONSTRUCTION INDUSTRY NEEDS, CONSISTENT OF COURSE WITH PROTECTION AND ADVANCEMENT OF US ECONOMIC INTERESTS.
POPPER

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION INDUSTRY, CONSTRUCTION EQUIPMENT, IMPORTS, PROCUREMENT, ECONOMIC ASSISTANCE, BANK LOANS, CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTIA01387
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740060-0687
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740325/aaaaaxta.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by kelleyw0>; APPROVED <11-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONSTRUCTION INDUSTRY IMPORT NEEDS PASS EX-IM, COMMERCE
TAGS: EIND, ETRD, EFIN, CI, EXIMBANK, (LEON, HUGO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005